

ORIGINAL

Teresa Tenbrink

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**From:** RECEIVED Bill MacKinnon <[REDACTED]>  
**Sent:** Saturday, March 16, 2013 11:05 AM  
**To:** 2013 MAR 20 A 9: 53 BitterSmith-Web; [REDACTED]; Burns-Web; Pierce-Web; RBurns-Web  
**Cc:** [REDACTED]  
**Subject:** TEP COMMISSION  
**Attachments:** PGCTA TEP LIGHT AT DESERT SPRING & PARADISE PALM.JPG

Dear Commissioner Bitter-Smith, et al;

As suggested and requested by Commissioner Bitter-Smith, here are some of my additional comments regarding proposed TEP's rate increase.

Let me begin by saying that in my opinion TEP should never be granted a rate increase now or in the future until they become fully accountable.

It would be ludicrous do grant them any rate increase and in my opinion they should be forced into rate reductions.

To support for my comments can be found within their APPLICATION for their requested increase, their Rate Case Sheet found on their website, their waste of monies collected from their customers on inappropriate activities, etc.

THEIR APPLICATION cites the following (all direct quotes):

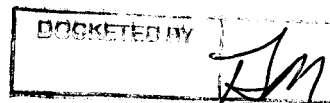
- 1) "Growth has come to a virtual standstill"
- 2) "Usage per customer has declined since the prior rate increase"
- 3) "TEP's retail KWh sales have remained essentially flat on a year-to-year basis since 2006"
- 4) "Intervening events have exacerbated TEP's financial challenges" THESE are only vaguely referenced.
- 5) "TEP has invested substantially in its utility plant in order to maintain safe and reliable electric service."
- 6) "TEP's operating and maintenance expenses (O&M) have increased over the last five years and are now approximately \$29 million higher on annual basis than they were in 2006.

THEIR Rate Case Sheet cites the following investments:

- 1) \$336 million on generation maintenance projects
- 2) \$199 million on distribution system improvements
- 3) \$102 million to accommodate new business demands
- 4) \$118 million for environmental projects to reduce emissions
- 5) \$36 million for solar energy
- 6) \$92 million for a new Corporate Headquarters

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MAR 20 2013



They want a "Simplified Rate Structure" with discounted time-of-use rates which would seriously penalize senior citizens who typically get up and retire early and favor the affluent by offering a special discounted rate for electric and hybrid vehicle owners.

So during the "Great Recession", TEP has been spending, spending and spending some more even going so far as to build a new Corporate Headquarters.

They have lost customers and have few prospects for any real customer growth.

Their rate paying customers have been using less electricity.

And now they want their existing customers to fund THEIR BAD CORPORATE DECISIONS and do that by increasing their rates.

There is something seriously wrong with that! Their shareholders need to fund those bad corporate decisions not their rate payers.

Has the Arizona Corporation Commission conducted a full and complete forensic audit of TEPs spending over the period of 2006 to date?

It would appear not and no rate increase whatsoever should be granted until the ACC has done just that.

Can TEP be allowed to increase rates to rate payers for using less power? That would be totally ludicrous.

Can TEP be allowed to spend money to support the University of Arizona's athletics? That again is totally ludicrous?

Can TEP justify spending \$92 million on a new Corporate Headquarters to its rate paying customers during the "Great Recession"? No Way!

And then how can the ACC not hold TEP accountable for nefarious billings to a customer over a long period of time and refuse to upgrade their infrastructure to that customer?

In this it is our HOA which is now paying TEP over \$350/month for thirteen street lights and two irrigation controllers where the only thing TEP ever does is change out a bulb when it burns out on one of the lights.

The power usage for these thirteen lights and two irrigation controls on the February 2013 bill was a total of 615 kWh in February at a total cost of \$14.67. The majority of the rest of the \$350/month went to Delivery Services (100W Underground and Delivery Charge Underground) and this amounted to \$278.25 for those thirteen pole lights in February 2013. The balance of the monthly billings are for a customer charge \$8.00/month on each of the two irrigation controllers which use less than 10 kWh per month each, for Green Energy Charges, and for Taxes and Assessments. A picture of one of the street light poles is attached in a PDF file for your viewing.

In reality our HOA is still paying TEP for the infrastructure which has been installed now for between 41 to 37 years (1972 to 1976). That is just ludicrous! It is utterly wrong!

This amounts to simply RIPPING OFF the RATE PAYER. It amounts to a monopoly raping a customer.

Our HOA has no other CHOICE from where to get the power for the thirteen street lights and the two irrigation controllers.

IMHO our HOA and probably many others like ours with the same scenario should receive huge refunds from TEP for their having ripped us off for years. We like many others trusted that our Arizona Corporation Commission was looking out for us and only after my investigation into the matter in the last 18 months did the truth surface about what, where and how we were being charged so much every month.

If you as the Arizona Corporation Commission Commissioners truly do your jobs in this matter (TEPs request for rate increase), you should:

- 1) Deny TEPs rate increase in total and order a full forensic accounting of all of TEPs spending over the last 10-13 years.
- 2) Order TEP to refund monies to our HOA and other similarly situated HOAs, etc.
- 3) Hold TEP executives accountable for spending rate payer monies in inappropriate places such as advertising for U of A athletics

William MacKinnon  
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